

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION**

**May 23, 2011**

**TO:** Honorable Joe Straus, Speaker of the House, House of Representatives

**FROM:** John S O'Brien, Director, Legislative Budget Board

**IN RE: HB2048** by Lyne (Relating to the collection and enforcement of state and local hotel occupancy taxes. ), **As Passed 2nd House**

**There could be an indeterminate revenue gain to the state from the provisions of the bill.**

The bill would amend Chapters 156, 351, and 352 of the Tax Code, regarding the collection and enforcement of state and local hotel occupancy taxes.

The bill would require that a municipality or a county notify the Comptroller's Office if they find that state hotel tax was underpaid or underreported as a result of a local audit. The Comptroller would review the data provided by the municipality or county and decide whether or not to pursue collection. If the state does collect tax based on data from a local audit, the Comptroller must pay the municipality or county an amount equal to 20 percent of the amount of state hotel tax collected (not including penalty and interest). A municipality or county would not be eligible for the 20 percent payment from the Comptroller if the information obtained resulted from an audit performed on a contingent fee basis.

The bill would authorize municipalities and counties to conduct, or contract with third parties to conduct, audits of hotels that do not file a tax report as required by Chapter 351 or Chapter 352 of the Tax Code. The bill would require cities and counties to provide at least a 30-day written notice prior to conducting an audit of the hotel's records.

By requiring municipalities and counties to notify the Comptroller's Office when their audits reveal state hotel tax deficiencies, it is possible the state may receive additional hotel occupancy tax revenue.

The bill would allow a municipality with a population of at least 25,000 but not more than 26,000, and located in a county that has a population of 90,000 or less, to use revenue from its municipal hotel occupancy tax for the promotion of tourism by the enhancement and upgrading of existing sports facilities or fields.

The bill would take effect September 1, 2011.

**Local Government Impact**

There could be an indeterminate fiscal impact to units of local government from the provisions of the bill. The bill would allow the cities of Greenville and Paris to use revenue from municipal hotel occupancy tax for the promotion of tourism by the enhancement and upgrading of existing sports facilities or fields.

**Source Agencies:** 304 Comptroller of Public Accounts

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